

Company Registration No. 3958476

Interactive Brokers (U.K.) Limited

**Annual Report and Financial Statements
For the Year Ended 31 December 2018**



Interactive Brokers (U.K.) Limited

Report and Financial Statements 2018

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Interactive Brokers (U.K.) Limited

Officers and registered office

Directors

Thomas Peterffy
Yograj Aggarwal (resigned on 31 March 2018)
Gerald Perez
Jonathan Chait
Earl Nemser
Paul Brody
William Sirett (appointed on 22 May 2018)

Secretary

Paul Brody

Registered office

Level 20
Heron Tower
110 Bishopsgate
London, EC2N 4AY

Auditors

Deloitte LLP
1 New Street Square
London
EC4A 3HQ

Interactive Brokers (U.K.) Limited

Strategic report

Principal activities

The directors, in preparing this strategic report, have complied with S414C of the Companies Act 2006.

Interactive Brokers (U.K.) Limited (the “Company”) offers execution and clearing broking services in equity and derivative products to private and institutional clients. It also operates as a client carrying broker dealer, offering unallocated spot gold and silver, contracts for differences, safe custody stock, index futures and options to its carried clients and affiliates. The Company has been authorised to carry out investment business by the Financial Conduct Authority since February 2002.

Future prospects

In 2019, the Company intends to further expand its product and market offerings.

Business performance

Pre-tax profit increased to £20,225 thousands for the year ended 31 December 2018 from £18,192 thousands for the previous year. As at 31 December 2018, the Company was the carrying broker for 39,633 clients (2017: 33,942).

Principal risks and uncertainties

Operational risk

Management takes appropriate steps to minimise the impact of operational risks faced by the Company by maintaining a comprehensive system of internal controls.

Market risk

Market risk is inherent to the investment in financial instruments. The scope of the Company’s market risk management procedures include all market risk sensitive financial instruments. The Company’s exposure to market risk is directly related to its role as a financial intermediary in client trading transactions.

Credit risk

The Company’s credit risk is primarily attributable to its trade receivables. Credit risk is mitigated through the rigorous assessment of all new clients and real-time margining.

Liquidity and interest rate risk

The Company has established liquidity procedures for measuring funding requirements and identifying potential liquidity mismatches. The Company maintains a highly liquid balance sheet. The majority of the Company’s assets consist of cash and collateralised receivables, primarily being receivables from clearing houses for the settlement of securities and derivatives transactions.

Emerging risks

An additional risk that emerged during the current financial year is related to the UK’s departure from the European Union (‘Brexit’). Management have continued to focus on the possible implications of Brexit, reviewing potential consequences on the services that the Company is able to provide. Management are of the opinion that the Company is prepared to take all necessary and appropriate measures to address any eventualities that emerge for our employees, clients and the business as a whole in withstanding market-wide stresses triggered by Brexit.

Interactive Brokers (U.K.) Limited

Key performance indicators

The number of carried client accounts increased 16.8% to 39,633 for the year ended 31 December 2018 from 33,942 for the previous year.

Net commissions increased to £37,416 thousands for the year ended 31 December 2018 from £33,644 thousands for the previous year.

Capital

Accounting capital is defined as the total of the capital contribution classified as equity and other reserves. Total capital at 31 December 2018 was £106.2 million (2017: £89.6 million).

Capital adequacy is monitored daily and the use of regulatory capital is monitored on a monthly basis. See note 21 for further details. Disclosures required under Pillar 3 can be found on the Interactive Brokers Group, Inc. ("IBG, Inc." or the "ultimate parent company") website.

Regulatory capital requirements have been met throughout the financial year ended 31 December 2018.

Approved by the Board of Directors
and signed on behalf of the Board



Gerald Perez
Director
24 April 2019

Interactive Brokers (U.K.) Limited

Directors' report

The directors present their annual report, together with the Company's financial statements and auditor's report for the year ended 31 December 2018.

Results and dividends

The directors report a profit after taxation of £16,488 thousands for the year ended 31 December 2018 (2017: £14,811 thousands). No dividends are proposed (2017: £nil).

Directors

Thomas Peterffy, Gerald Perez, Yograj Aggarwal, Jonathan Chait, Earl Nemser, Paul Brody and William Sirett have been directors of the Company during the year.

Directors' indemnities

The Company has appropriate liability insurance in place for all directors and officers.

Political contributions

No charitable or political donations were made by the Company for the year ended 31 December 2018 (2017: £nil).

Auditor

Each of the persons who is a director at the date of approval of this report confirms that:

- (1) There is no relevant audit information (as defined in the Companies Act 2006) of which the Company's auditor is unaware; and
- (2) The directors have taken all the steps that they ought to have taken to make themselves aware of any relevant audit information and to establish that the Company's auditor is aware of the information.

This confirmation is given and should be interpreted in accordance with the provisions of section 418 (2) of the Companies Act 2006. Deloitte LLP have expressed their willingness to continue in office as auditor and a resolution to reappoint them will be proposed at the forthcoming Annual General Meeting.

Subsequent events

The Company has evaluated the period after the balance sheet date up through 18 April 2019, which is the date that the financial statements were issued, and determined that there were no subsequent events or transactions that required recognition or disclosure in the financial statements.

Going concern

The Company is part of IBG LLC ("the Group"). Whilst the Company is not reliant on funding from the Group to provide sufficient capital resources and liquidity to meet its obligations as they fall due, it is currently reliant on the Group for operational support. After making inquiries about the continued availability of the Group operational support and considering the level of liquid capital within the Company, the directors have a reasonable expectation that the Company has adequate resources to continue in operational existence for a period of at least twelve months from the date of approval of the financial statements. As a consequence, the directors believe that the Company is well placed to manage its business risks successfully despite the current uncertain economic outlook. Accordingly, the directors continue to adopt the going concern basis in preparing the annual report and financial statements.

Interactive Brokers (U.K.) Limited

Statement of directors' responsibilities

The directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the directors to prepare financial statements for each financial year. Under that law the directors have elected to prepare the Company's financial statements in accordance with United Kingdom Generally Accepted Accounting Practice (United Kingdom Accounting Standards and applicable law), including FRS 101 "Reduced Disclosure Framework". Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period.

In preparing the financial statements, the directors are required to:

- Select suitable accounting policies and then apply them consistently;
- Make judgements and accounting estimates that are reasonable and prudent;
- State whether applicable FRS 101 "Reduced Disclosure Framework" have been followed, subject to any material departures disclosed and explained in the financial statements; and
- Prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company will continue in business.

The directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Approved by the Board of Directors
and signed on behalf of the Board by



Gerald Perez

Director

24 April 2019

Interactive Brokers (U.K.) Limited

Independent auditor's report to the members of Interactive Brokers (U.K.) Limited

Report on the audit of the financial statements

Opinion

In our opinion the financial statements of Interactive Brokers (U.K.) Limited (the 'Company'):

- give a true and fair view of the state of the Company's affairs as at 31 December 2018 and of its profit for the year then ended;
- have been properly prepared in accordance with United Kingdom Generally Accepted Accounting Practice, including Financial Reporting Standard 101 "Reduced Disclosure Framework"; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

We have audited the financial statements of the Company which comprise:

- the profit and loss account;
- the balance sheet;
- the statement of changes in equity;
- the related notes 1 to 24.

The financial reporting framework that has been applied in their preparation is applicable law and United Kingdom Accounting Standards, including Financial Reporting Standard 101 "Reduced Disclosure Framework" (United Kingdom Generally Accepted Accounting Practice).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the auditor's responsibilities for the audit of the financial statements section of our report.

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the Financial Reporting Council's (the 'FRC's') Ethical Standard, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

We are required by ISAs (UK) to report in respect of the following matters where:

- the directors' use of the going concern basis of accounting in preparation of the financial statements is not appropriate; or
- the directors have not disclosed in the financial statements any identified material uncertainties that may cast significant doubt about the Company's ability to continue to adopt the going concern basis of accounting for a period of at least twelve months from the date when the financial statements are authorised for issue.

We have nothing to report in respect of these matters.

Interactive Brokers (U.K.) Limited

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in respect of these matters.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the FRC's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Report on other legal and regulatory requirements

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the company and its environment obtained in the course of the audit, we have not identified any material misstatements in the strategic report or the directors' report.

Interactive Brokers (U.K.) Limited

Matters on which we are required to report by exception

Under the Companies Act 2006 we are required to report in respect of the following matters if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

We have nothing to report in respect of these matters.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.



Adam Cichocki (Senior statutory auditor)
For and on behalf of Deloitte LLP
Statutory Auditor
London, UK
24 April 2019

Interactive Brokers (U.K.) Limited

Profit and loss account

For the year ended 31 December 2018

	Notes	2018	2017
		£ (in thousands)	£ (in thousands)
Turnover	3	37,416	33,644
Administrative expenses		(32,972)	(24,841)
Other operating income		4,089	1,687
Operating profit	4	8,533	10,490
Finance income	7	31,416	20,881
Finance costs	8	(19,724)	(13,179)
Profit before taxation		20,225	18,192
Taxation	9	(3,737)	(3,381)
Profit after taxation and profit for the financial year		16,488	14,811
Other Comprehensive Income:			
Items that can be reclassified to profit or loss		-	-
Total comprehensive income for the year		16,488	14,811

All activities are derived from continuing operations.

The notes on pages 12 to 32 form an integral part of the financial statements.

Interactive Brokers (U.K.) Limited

Balance sheet

As at 31 December 2018

	Notes	2018	2017 as restated
		£ (in thousands)	£ (in thousands)
NON-CURRENT ASSETS			
Tangible assets	10	101	77
Investments	11	122	171
Deferred taxation	12	379	395
		<u>602</u>	<u>643</u>
CURRENT ASSETS			
Debtors	14	167,578	244,903
Cash and cash equivalents	13	80,355	24,601
		<u>247,933</u>	<u>269,504</u>
CREDITORS: amounts falling due within one year	15	<u>(142,343)</u>	<u>(180,531)</u>
NET CURRENT ASSETS		105,590	88,973
TOTAL ASSETS LESS CURRENT LIABILITIES		<u>106,192</u>	<u>89,616</u>
NET ASSETS		<u>106,192</u>	<u>89,616</u>
CAPITAL AND RESERVES			
Called up share capital	16	79	79
Capital contribution		14,221	14,221
Profit and loss account		91,606	75,118
Other reserves		286	198
EQUITY SHAREHOLDER'S FUNDS		<u>106,192</u>	<u>89,616</u>

The notes on pages 12 to 32 form an integral part of the financial statements.

The financial statements were approved by the Board of Directors and authorised for issue on 24 April 2019. They were signed on behalf of the Board of Directors by:


Gerald Perez
Director

Company Registration No. 3958476

Interactive Brokers (U.K.) Limited

Statement of changes in equity For the year ended 31 December 2018

	Share Capital	Capital Contribution	Profit and Loss Account*	Other Reserves**	Total
£ (in thousands)	£	£	£	£	£
Balance at 1 January 2017	79	14,221	60,307	120	74,727
Profit for the year	-	-	14,811	-	14,811
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	14,811	-	14,811
Deferred tax on share-based payment transactions	-	-	-	78	78
Balance at 31 December 2017	79	14,221	75,118	198	89,616
Profit for the year	-	-	16,488	-	16,488
Other comprehensive income for the year	-	-	-	-	-
Total comprehensive income for the year	-	-	16,488	-	16,488
Deferred tax on share-based payment transactions	-	-	-	88	88
Balance at 31 December 2018	79	14,221	91,606	286	106,192

*Profit and loss account represents accumulated retained earnings.

**Other reserves represent the excess of estimated future tax deductions over cumulative remuneration expense in respect of share based payment transactions.

The notes on pages 12 to 32 form an integral part of the financial statements.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

1. Accounting policies

Company information

Interactive Brokers (U.K.) Limited offers execution and clearing broking services in equity and derivative products to private and institutional clients. The Company is a private company limited by shares, incorporated in England with registered number 3958476.

The registered office address can be found on page 1.

Basis of accounting

These financial statements are prepared under the historical cost convention as modified by the valuation of current asset investments at market value and in accordance with applicable law and United Kingdom Accounting Standards.

The Company meets the definition of a qualifying entity under FRS 100 'Application of Financial Reporting Requirements' issued by the Financial Reporting Council ("FRC"). Accordingly, these financial statements have been prepared in accordance with Financial Reporting Standard 101, 'Reduced Disclosure Framework' ("FRS 101") and the Companies Act 2006 (the "Act") as applicable to companies using FRS 101.

FRS 101 sets out a reduced disclosure framework for a qualifying entity as defined in the standard which addresses the financial reporting requirements and disclosure exemptions in the individual financial statements of qualifying entities that otherwise apply the recognition, measurement and disclosure requirements of EU-adopted International Financial Reporting Standards ("IFRSs").

As permitted by FRS 101, the Company has taken advantage of the disclosure exemptions available under that standard in relation to presentation of a cash flow statement, standards not yet effective, details of key assumptions used for the purposes of impairment testing and related party transactions.

These financial statements have been prepared on a going concern basis as set out on the Directors' Report on page 4.

The principal accounting policies are summarised below. They have all been applied consistently throughout the current and preceding year, except for the accounting treatment for client balances held in trade debtors and trade creditors. In accordance with IAS 8, 'Accounting Policies, Changes in Accounting Estimates and Errors' such balances shall be reported net. See note 23.

Adoption of new and revised standards

Amendments to IFRS Standards and the new Interpretation that are mandatorily effective for the current year

Impact of initial application of IFRS 9 Financial Instruments

In the current year, the Company has applied IFRS 9 *Financial Instruments* (as revised in July 2014) and the related consequential amendments to other IFRS Standards that are effective for an annual period that begins on or after 1 January 2018.

Classification and measurement of financial assets

All recognised financial assets that are within the scope of IFRS 9 are required to be measured subsequently at amortised cost or fair value on the basis of the entity's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

Specifically:

- debt instruments that are held within a business model whose objective is to collect the contractual cash flows, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at amortised cost;
- debt instruments that are held within a business model whose objective is both to collect the contractual cash flows and to sell the debt instruments, and that have contractual cash flows that are solely payments of principal and interest on the principal amount outstanding, are measured subsequently at fair value through other comprehensive income ("FVTOCI"); and
- all other debt investments and equity investments are measured subsequently at fair value through profit or loss ("FVTPL").

The directors of the Company reviewed and assessed the Company's existing financial assets as at 1 January 2018 based on the facts and circumstances that existed at that date and concluded that the initial application of IFRS 9 has had the following impact on the Company's financial assets as regards their classification and measurement:

- the Company's investments in equity instruments (which are not held for trading trading) that were previously classified as available-for-sale financial assets and were measured at fair value at each reporting date under IAS 39 have been designated as at FVTOCI.

None of the other reclassifications of financial assets have had any impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

Impairment of financial assets

IFRS 9 also introduces a new single impairment model for financial assets. The expected credit loss model requires the Company to account for expected credit losses and changes in those expected credit losses at each reporting date to reflect changes in credit risk since initial recognition of the financial assets. It is no longer necessary for a credit event to have occurred before credit losses are recognised. The expected credit loss model will apply to most financial instruments not measured at fair value.

The application of IFRS 9 did not impact on the Company's financial position, profit or loss, other comprehensive income or total comprehensive income in either year.

Impact of application of IFRS 15 Revenue from Contracts with Customers

In the current year, the Company has applied IFRS 15 *Revenue from Contracts with Customers* (as amended in April 2016) which is effective for an annual period that begins on or after 1 January 2018. IFRS 15 introduced a 5-step approach to revenue recognition. The new model applies to all contracts with customers except those that are within the scope of other IFRS standards such as leases, insurance contracts and financial instruments.

The application of IFRS 15 has not had a significant impact on the financial position or financial performance of the Company.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

Tangible assets

Tangible fixed assets are stated at cost net of depreciation and any provision for impairment. Depreciation is provided on all tangible fixed assets at rates calculated to write off the cost of each asset on a straight-line basis over its expected useful life as follows:

Leasehold Improvements	Lesser of useful life and period of the lease
Fixtures and Fittings	7 years
Office Equipment	5 years
Computer Equipment	3 years

Financial instruments

Financial assets and financial liabilities are recognised in the Company's balance sheet when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

Financial assets

Financial assets are classified based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial assets. Financial assets will be measured at FVTPL unless certain conditions are met which permit measurement at FVTOCI or amortised cost.

FVTPL – financial assets that the Company designates on initial recognition as being at fair value through profit or loss are recognised at fair value, with transaction costs being recognised in the profit and loss account and are subsequently measured at fair value. Gains and losses on financial assets that are designated as at fair value through profit or loss are recognised in the profit and loss account as they arise. The net gain or loss recognised in profit or loss incorporates the interest earned on the financial asset. Fair value is determined in the manner described in note 18.

FVTOCI – gains and losses on FVTOCI assets arising from changes in fair value are recognised directly in the investment revaluation reserve with the exception of impairment losses, interest calculated using the effective interest method, and foreign exchange gains and losses on monetary assets which are recognised directly in profit or loss. Where an investment is disposed of or is determined to be impaired, the cumulative gain or loss previously recognised in the investments revaluation reserve is reclassified to profit and loss accounts for the year.

Amortised cost – non-derivative financial assets with fixed or determinable repayments that are not quoted in an active market are classified as loans and receivables. Amortised cost assets are initially recognised at fair value plus directly related transaction costs. They are subsequently measured at amortised cost using the effective interest method less any impairment losses. Interest is recognised by applying the effective interest rate, except for short-term receivables when recognition of interest would be immaterial.

Impairment of financial assets

Financial assets, other than those at FVTPL and FVTOCI but including trade debtors, are assessed for indicators of impairment at each balance sheet date based on a forward looking expected loss model, regardless of whether a loss event has occurred.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

Debt and equity

Debt and equity instruments are classified according to the substance of the contractual arrangements entered into.

Financial liabilities

Financial liabilities are classified as either financial liabilities at fair value through profit or loss or amortised cost.

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss are initially measured at fair value and subsequently stated at fair value, with any resultant gain or loss recognised in profit or loss. The net gain or loss recognised in profit or loss incorporates any interest paid on the financial liability.

Financial liabilities at amortised cost

Financial liabilities at amortised cost are initially measured at fair value, net of transaction costs. Such liabilities are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis. The effective interest method is a method calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or where appropriate, a shorter period, to its initial carrying value.

Share-based payments

The Company operates equity-settled share-based payments schemes to certain employees whereby the employees are awarded restricted stock units of the Company's ultimate parent company. Under FRS 101: Share-based Payments, the equity-settled share-based payments are measured at fair value at the date of the grant. Grants, which are denominated in U.S. dollars, are communicated to employees in the year of grant, thereby establishing the fair value of each grant. The fair value of awards granted to employees are generally expensed as follows: 50% in the year of grant in recognition of plan's post-employment provisions (described below) and the remaining 50% over the related vesting period utilizing a "graded vesting" method. In the case of "retirement eligible" employees (those employees older than 59), 100% of awards are expensed when granted.

Awards granted under the stock-based compensation plans are subject to the plan's post-employment provisions in the event an employee ceases employment with the Company. The plans provide that employees who discontinue employment with the Company without cause and continue to meet the terms of the plans' post-employment provisions will be eligible to earn 50% of previously granted but not yet earned awards, unless the employee is over the age of 59, in which case the employee would be eligible to receive 100% of previously granted but not yet earned awards.

Turnover

Turnover is measured at the fair value of the consideration received or receivable when the service is provided in the normal course of business, net of discounts, VAT and other sales-related taxes. The Company's turnover comprises commission derived from agency trades from electronic broking and is recognised on trade date.

Finance income and costs

Interest income on financial assets and interest expense on financial liabilities are determined using the effective interest method. The effective interest rate is the rate that exactly discounts estimated future cash flows to the initial carrying amount.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

Foreign currencies

The Company's financial statements are presented in Sterling, which is the currency of the primary economic environment in which the Company operates (its functional currency).

Transactions in foreign currencies are recognised at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary assets and liabilities that are denominated in foreign currencies are revalued to the Company's functional currency at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are revalued at the rates prevailing at the date when the fair value was determined.

Exchange differences are recognised in profit or loss in the period in which they arise.

Taxation

Current taxation is based on taxable profit for the year. Taxable profit differs from net profit as reported in the profit and loss account because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Company's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

Deferred tax is the tax expected to be payable or recoverable on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised. The carrying amount of deferred tax assets is reviewed at each balance sheet date.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date. Deferred tax assets and liabilities are not discounted.

Cash and cash equivalents

Cash and cash equivalents comprise cash in hand and at bank and short term market deposits held by the Company.

The Company holds money on behalf of clients in accordance with the client money rules of the FCA. Segregated client money accounts hold statutory trust status. These client funds and corresponding liabilities are held off balance sheet.

Group accounts

The Company is exempt from the obligation to prepare and deliver group accounts under s400 of the Companies Act 2006. The Company is a wholly-owned subsidiary of IBG LLC.

Operating leases

Leases are classified as operating leases when the lessor retains substantially all the risks and benefits of ownership of the asset. Lease payments under an operating lease are recognised as an expense on a straight line basis over the term of the relevant lease. Associated costs such as maintenance and insurance are expensed as they are incurred.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

2. Judgements and key sources of estimation uncertainty

In the application of the Company's accounting policies, the directors are required to make judgements, estimates and assumptions about the carrying amount of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised where the revision affects only that period, or in the period of the revision and future periods where the revision affects both current and future periods. No key judgments, estimates or assumptions have been identified.

3. Turnover

An analysis of the Company's turnover is as follows:

	2018	2017
	£ (in thousands)	£ (in thousands)
Continuing operations		
Commissions	37,416	33,644
	<u>37,416</u>	<u>33,644</u>
	<u>37,416</u>	<u>33,644</u>
	2018	2017
	£ (in thousands)	£ (in thousands)
Revenue by geographical location		
United Kingdom	37,416	33,644
	<u>37,416</u>	<u>33,644</u>
	<u>37,416</u>	<u>33,644</u>

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

4. Operating profit

	2018	2017
	£ (in thousands)	£ (in thousands)
Operating profit is stated after charging/(crediting):		
Depreciation	38	36
Foreign exchange loss / (gain)	(101)	134
	<u>38</u>	<u>134</u>
Services provided by the Company's auditors:		
Fees in respect of the audit of the Company		
Audit of the Company's annual accounts	34	31
Group audit fees allocated to the Company	38	32
	<u>72</u>	<u>63</u>
Other fees		
Audit related assurance services	75	60
Other services relating to taxation	25	20
Other services relating to regulatory advice	20	20
	<u>120</u>	<u>100</u>

5. Employee information including directors

	2018	2017
	£ (in thousands)	£ (in thousands)
Employee costs (including directors' emoluments)		
Wages and salary	4,944	3,246
Social security costs	742	464
Pension contribution	137	76
	<u>5,823</u>	<u>3,786</u>
	<u>5,823</u>	<u>3,786</u>
Average number of persons (including directors) employed	No.	No.
Administration	5	5
Compliance	15	8
Customer service	27	14
Programming	2	1
Sales	3	3
	<u>52</u>	<u>31</u>
	<u>52</u>	<u>31</u>

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

6. Directors' emoluments

	2018	2017
	£ (in thousands)	£ (in thousands)
Emoluments	394	510
Stock incentive compensation	210	248
	<u>604</u>	<u>758</u>

Remuneration of the highest paid director

	2018	2017
	£ (in thousands)	£ (in thousands)
Emoluments	220	263
Stock incentive compensation	210	135
	<u>430</u>	<u>398</u>

Employer pensions contributions paid by the Company for serving directors are included within emoluments. As at 31 December 2018, retirement benefits are accruing for two directors (2017: two) under defined contribution schemes.

7. Finance income

	2018	2017
	£ (in thousands)	£ (in thousands)
Bank interest receivable and similar income	8,305	3,619
Interest receivable from clients	18,695	13,785
Interest receivable on intercompany balances	4,416	3,477
	<u>31,416</u>	<u>20,881</u>

8. Finance costs

	2018	2017
	£ (in thousands)	£ (in thousands)
Bank interest payable and similar expense	2,904	3,541
Interest payable to clients	6,330	1,791
Interest payable on intercompany balances	10,490	7,847
	<u>19,724</u>	<u>13,179</u>

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

9. Taxation

Tax charge on profit (Note 8)

	2018	2017
	£ (in thousands)	£ (in thousands)
Analysis of tax charge		
Current Tax		
U.K. Corporation tax at 19% (2017: 19.25%)	3,904	3,454
Prior year adjustment	(144)	47
	<u>3,760</u>	<u>3,501</u>
Deferred Tax (see also note 12)		
Current year	(24)	(123)
Prior year adjustment	1	3
	<u>3,737</u>	<u>3,381</u>
Total tax charge for the year		

	2018	2017
	£ (in thousands)	£ (in thousands)
Factors affecting total tax charge		
Profit before taxation	<u>20,225</u>	<u>18,192</u>
Tax at 19% (2017: 19.25%) thereon:	3,843	3,502
Expenses not deductible for tax purposes	1	(86)
Change in prior year adjustments	(143)	50
Effect of tax rate differences between current and deferred tax	3	2
Share based payments reconciling items	33	(87)
	<u>3,737</u>	<u>3,381</u>
Total tax expense for the year		

The standard rate of UK Corporation tax decreased from 20% to 19% with effect from 1 April 2017. The tax rate will change to 17% by 2020. Accordingly, the Company's profits for the year are taxed at an effective rate of 19% (2017: 19.25%).

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

10. Tangible assets

	Leasehold Improvements	Fixtures and Fittings	Office Equipment	Computer Equipment	Total
Cost £ (in thousands)					
As at 1 January 2017	1	26	7	94	128
Additions	12	-	-	7	19
Retired assets	-	-	-	(6)	(6)
As at 1 January 2018	13	26	7	95	141
Additions	-	-	-	62	62
Retired assets	-	-	-	(26)	(26)
As at 31 December 2018	13	26	7	131	177
Depreciation £ (in thousands)					
As at 1 January 2017	-	(3)	(3)	(30)	(34)
Charge for the year	(1)	(4)	(1)	(30)	(36)
Retired assets	-	-	-	6	6
As at 1 January 2018	(1)	(7)	(2)	(54)	(64)
Charge for the year	(2)	(4)	(2)	(30)	(38)
Retired assets	-	-	-	26	26
As at 31 December 2018	(3)	(11)	(4)	(58)	(76)
Net book value £ (in thousands)					
As at 31 December 2018	10	15	3	73	101
As at 31 December 2017	12	19	5	41	77
As at 31 December 2016	1	23	6	64	94

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

11. Investments

FVTOCI - financial assets

	2018	2017
	£ (in thousands)	£ (in thousands)
As at 1 January	171	167
Disposal	(49)	-
Currency revaluation	-	4
As at 31 December	122	171

Subsidiary undertakings

The Company owns 100% of the share capital, comprising one ordinary share of £1 in Interactive Brokers (U.K.) Nominee Limited (the "Subsidiary Undertaking"), a company incorporated in England. The principal activity of the Subsidiary Undertaking remains that of a nominee company.

The registered address of the Subsidiary Undertaking is the same as the Company.

12. Deferred taxation

	2018	2017
	£ (in thousands)	£ (in thousands)
As at 1 January	395	230
Deferred tax movement	(16)	165
As at 31 December	379	395

Analysis of deferred taxation balance

Depreciation in excess of capital allowances	-	-
Short term timing differences	379	395
Deferred tax assets recognised	379	395

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset is realised based on tax laws and rates that have been enacted or substantively enacted at the balance sheet date.

The Company's deferred tax calculations for this financial year are taxed at 19%.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

13. Cash and cash equivalents

Cash and cash equivalents comprises cash at banks. The carrying amount of these assets is approximately equal to their fair value.

At the balance sheet date there were deposits for clients, not included in the balance sheet, which were held in segregated client bank accounts amounting to £832,877 thousands (2017: £840,203 thousands).

14. Debtors

	2018	2017
		as restated
	£ (in thousands)	£ (in thousands)
Trade debtors	91,820	124,231
Amounts owed from group undertakings	75,277	120,082
Other debtors	23	130
Prepayments and accrued income	458	460
	<u>167,578</u>	<u>244,903</u>

Trade debtors primarily comprise margin held with external counterparties.

At the balance sheet date, the gross amount of trade debtors before offsetting with trade creditors, that is specifically related to margin lending to clients, was £162,699 thousands (2017: £158,509 thousands). On a net basis, the amount remaining in trade debtors, gross of impairment, is £1,588 thousands (2017: £853 thousands). None of the remaining debtors are past due or impaired (2017: none).

Amounts owed from group undertakings, unsecured, interest free and repayable on demand.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

15. Creditors

	2018	2017
		as restated
	£ (in thousands)	£ (in thousands)
Trade creditors	119,185	163,901
Amounts owed to group undertakings	18,694	11,922
Corporation tax	1,726	1,533
Accruals and deferred income	2,738	2,117
Other creditors	-	1,058
	<u>142,343</u>	<u>180,531</u>

Contained within trade creditors are balances offset with trade debtors. See note 14 for further information.
Amounts owed to group undertakings, unsecured, interest free and repayable on demand.

Collateral	2018		2017	
	Permitted to repledge	Sold or repledged	Permitted to repledge	Sold or repledged
	£ (in thousands)	£ (in thousands)	£ (in thousands)	£ (in thousands)
Client margin asset	<u>61,963</u>	<u>61,963</u>	<u>57,056</u>	<u>57,056</u>

In the normal course of business, the Company engages in financing transactions with and for clients through margin financing. Amounts relating to collateralised transactions at 31 December 2018 and 31 December 2017 are summarised per above.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

16. Called up share capital

Called up share capital (Note 15)

	2018	2017
	No.	No.
Authorised		
A ordinary shares of £1 each	700	700
B ordinary shares of €1 each	125,000	125,000
	<hr/>	<hr/>
Allotted, called up and fully paid	£	£
700 A ordinary shares of £1 each	700	700
125,000 B ordinary shares of €1 each	78,632	78,632
	<hr/>	<hr/>
As at 31 December	79,332	79,332
	<hr/>	<hr/>

Class A and B shares rank pari passu and have one vote per share, no preferential dividend rights, no redemption rights and an unlimited right to share in any surplus remaining on the winding up of the Company.

17. Operating lease arrangements

	2018	2017
	£ (in thousands)	£ (in thousands)
Lease payments under operating leases recognised as an expense in the year	713	632
	<hr/>	<hr/>

At the balance sheet date, the Company had outstanding commitments for future minimum lease payments under non-cancellable operating leases, which fall due as follows:

	2018	2017
	£ (in thousands)	£ (in thousands)
Within one year	713	713
In the second to fifth years inclusive	2,306	2,853
After five years	-	166
	<hr/>	<hr/>
	3,019	3,732
	<hr/>	<hr/>

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

18. Financial instruments and risk management

Overall

The Company's principal business activities result in exposure to market and credit risk. In addition, the Company is subject to liquidity and interest rate risk. Effective identification, assessment and management of these risks is critical to the success and stability of the Company. As a result, the Company has established comprehensive risk management procedures to identify, monitor and control each of these principal risks.

At the Group level, various management committees have been established that have responsibilities for monitoring and oversight of its activities and risk exposures of the companies within the Group.

Market risk

Market risk generally represents the risk of loss that may result from the potential change in the value of a financial instrument as a result of fluctuations in market prices. Market risk can be exacerbated in times of illiquidity where market participants refrain from transacting in normal quantities and/or at normal bid-offer spreads. Market risk is inherent to the investment in financial instruments. The scope of the Company's market risk management procedures includes all market risk sensitive financial instruments.

The Company's exposure to market risk is directly related to its role as a financial intermediary in client trading transactions. The Company's market risk policy incorporates the hedging of all trades from its clients. Exposure to market price fluctuations is generally limited to residual currency balances different to the Company's functional currency, derived from operational activities. Such exposures are monitored on a regular basis.

The directors consider that the Company has no significant exposure to market risk.

Credit risk

Brokerage activities expose the Company to credit risk. The risk is managed in accordance with established risk management policies and procedures. To accomplish this, management has established a risk management process that includes:

- Regular review of the risk management process by the executive management as part of their oversight role;
- Defined risk management policies and procedures supported by a rigorous analytic framework; and
- Articulated risk tolerance levels as defined by executive management that are regularly reviewed to ensure that the Company's risk-taking is consistent with its business strategy, capital structure and current and anticipated market conditions.

The Company is exposed to risk of loss if a counterparty or issuer fails to perform its obligations under contractual terms ("default risk"). The Company has established policies and procedures for reviewing and establishing limits for credit exposure, maintaining collateral, and continually assessing the creditworthiness of counterparties.

Financial institutional counterparties are subject to a credit review when a new relationship is entered into and this is updated on a regular basis. Maximum exposure limits for the Group are established for each counterparty.

The Company manages the credit exposure to each of its market counterparties typically by keeping the minimum required balances at each counterparty.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

In the normal course of business the Company executes, settles and finances various client securities transactions. Execution of these transactions includes the purchase and sale of securities that exposes the Company to default risk arising from the potential that clients or counterparties may fail to satisfy their obligations. In these situations, the Company may be required to purchase or sell financial instruments at unfavourable market prices to satisfy obligations to other clients or counterparties. The Company seeks to control the risks associated with its client margin activities by requiring clients to maintain collateral in compliance with regulatory and internal guidelines.

The Company operates a real time mark-to-market trading platform whereby clients' profits and losses are credited and debited automatically to their account. Client credit risk can arise where there are significant, sudden movements in the underlying market for the product they are trading. Credit loss mitigation is achieved by ensuring clients collateralise their accounts at an appropriate level and by the utilisation of an automated close out facility which liquidates clients' risk positions appropriately if liquidation thresholds are broken.

Margin loans are extended to clients on a demand basis and are not committed facilities. Factors considered in the acceptance or rejection of margin loans are the amount of the loan, the degree of leverage being employed in the client account and an overall evaluation of a client's portfolio to ensure proper diversification or, in the case of concentrated positions, appropriate liquidity of the underlying collateral. Additionally, transactions relating to concentrated or restricted positions are limited or prohibited by raising the level of required margin collateral (to 100% in the extreme case). Underlying collateral for margin loans is evaluated with respect to the liquidity of the collateral positions, valuation of securities, volatility analysis and an evaluation of industry concentrations. Adherence to the Company's collateral policies significantly limits the Company's credit exposure to margin loans in the event of a client's default. Under margin lending agreements, the Company may request additional margin collateral from clients and may sell assets that have not been paid for or purchase assets sold but not delivered from clients, if necessary.

The total gross amount of individually impaired assets in relation to trade debtors as at 31 December 2018 was £1,564 thousands (2017: £774 thousands). The carrying amount of financial assets recorded in the financial statements represents the Company's maximum exposure to credit risk without taking into account the value of any collateral obtained.

Concentrations of credit risk

The Company's exposure to credit risk associated with its brokerage and other activities is measured on an individual counterparty basis, as well as by groups of counterparties that share similar attributes. Concentrations of credit risk can be affected by changes in political, industry, or economic factors. To reduce the potential for risk concentration, credit limits are established and monitored in light of changing counterparty and market conditions. As at 31 December 2018 and 2017, the Company did not have any material concentrations of credit risk.

Liquidity and interest rate risk

Liquidity risk is the risk that an entity may encounter difficulty in realising assets or otherwise raising funds to meet commitments associated with financial instruments. The Company has established procedures for measuring funding requirements and identifying potential liquidity mismatches.

The Company maintains a highly liquid balance sheet. The majority of the Company's assets consist of margin deposits with clearing houses. The Company's exposure to interest rate risk is considered by the directors to be immaterial.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

The following table details the Company's expected maturity for its non-derivative financial assets and remaining contractual maturity for its non-derivative financial liabilities. The tables below are based on the undiscounted contractual maturities of the financial assets and financial liabilities.

2018	Up to 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
	£	£	£	£	£
Financial Assets £ (in thousands)					
Non interest bearing	(21,184)	-	-	122	(21,062)
Variable interest rate instruments	188,304	-	-	-	188,304
Financial Liabilities £ (in thousands)					
Non interest bearing	53,553	-	-	-	53,553
Variable interest rate instruments	87,067	-	-	-	87,067
2017	Up to 1 month	1 to 3 months	3 months to 1 year	More than 1 year	Total
as restated	£	£	£	£	£
Financial Assets £ (in thousands)					
Non interest bearing	(7,147)	-	-	171	(6,976)
Variable interest rate instruments	276,191	-	-	-	276,191
Financial Liabilities £ (in thousands)					
Non interest bearing	60,873	-	-	-	60,873
Variable interest rate instruments	119,657	-	-	-	119,657

Interactive Brokers (U.K.) Limited

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For the year ended 31 December 2018

Fair value of financial instruments

The carrying amount of other financial assets and financial liabilities approximate fair value due to their maturities of less than one year.

Included within trade debtors and creditors are payables and receivables to clients and counterparties which relate to funds placed as margin to support trading in contracts for differences ("CFDs"). The notional value of the underlying CFD positions with clients, which the Company has fully hedged with its other clients or with its counterparties, as at 31 December 2018, was £390.2 million (2017: £754.7 million).

Categories of financial instruments

Details of the significant accounting policies and methods adopted, including the criteria for recognition, the basis of measurement and the basis on which income and expenses are recognised, in respect of each class of financial asset, financial liability and equity instrument are disclosed in note 1 to the accounts.

	2018	2017
		As restated
	£ (in thousands)	£ (in thousands)
Financial assets		
Derivative financial instruments with counterparties at FVTPL	(13,790)	-
Cash	80,355	24,601
Investment held at FVTOCI	122	171
Amortised cost	180,910	244,443
Financial liabilities		
Derivative financial instruments with counterparties at FVTPL	10,497	-
Amortised cost	154,406	180,531
Derivative financial instruments with client at FVTPL	(24,287)	-

Included within financial liabilities are £116.2 million (2017: 163.2 million) due to clients. This comprises £140.5 million (2017: 163.2 million) measured at amortised cost less £24.3 million (2017: £nil) measured at fair value in relation to the Company's CFD product offering. As matched principal, such positions are fully hedged with external counterparties. All such derivative financial instruments are considered to be Level 2 of the fair value hierarchy. The Company's Level 2 financial instruments are valued by taking the difference between the quoted price of the underlying security and the contract price.

19. Contingent liabilities

At 31 December 2018, the Company had no contingent liabilities (2017: nil).

20. Controlling party

On 1 June 2018, the Company had a change of immediate parent company from IBG LLC to IB Exchange Corp, a company incorporate in the United States, in a share for share exchange at par value.

In the opinion of the directors, the Company's ultimate controlling party is IBG LLC, a company organised in the United States of America. Copies of the financial statements of IBG LLC are available at 1 Pickwick Plaza, Greenwich, CT, 06830, USA, being the company's registered office address.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

21. Capital risk management

Regulatory capital is determined in accordance with minimum capital requirements of the Financial Conduct Authority in the United Kingdom.

The Company's objectives when managing capital are to:

- comply with the capital requirements set by the regulators;
- safeguard the Company's ability to continue as a going concern so that it can continue to provide returns for shareholders and benefits for its other stakeholders; and
- maintain a strong capital base to support the future strategy and development of the business.

Capital adequacy and the use of regulatory capital are monitored by the Company's management, employing techniques based on the guidelines developed by the Basel Committee and the EU directives, as implemented by the Financial Conduct Authority in the United Kingdom for supervisory purposes. Disclosures required under Pillar 3 can be found on Interactive Brokers Group, Inc.'s website.

22. Subsequent events

There have been no significant subsequent events since the year end.

Interactive Brokers (U.K.) Limited

Notes to the accounts

For the year ended 31 December 2018

23. Prior year restatement

This is the first year that the Company has offset its client receivable balances with client payable balances, presented within trade debtors and trade creditors, where a legally enforceable right of set-off exists. There has been no movement in reserves and therefore no impact on neither the profit and loss account nor the statement of changes in equity.

A reconciliation of the prior year balance sheet is presented below:

	2017 as previously stated	Effect of restatement	2017 as restated
	£ (in thousands)	£ (in thousands)	£ (in thousands)
NON-CURRENT ASSETS			
Tangible assets	77	-	77
Investments	171	-	171
Deferred taxation	395	-	395
	<u>643</u>	<u>-</u>	<u>643</u>
CURRENT ASSETS			
Debtors	403,412	(158,509)	244,903
Cash and cash equivalents	24,601	-	24,601
	<u>428,012</u>	<u>(158,509)</u>	<u>269,503</u>
CREDITORS: amounts falling due within one year	<u>(339,040)</u>	<u>158,509</u>	<u>(180,531)</u>
NET CURRENT ASSETS	88,973	-	88,973
TOTAL ASSETS LESS CURRENT LIABILITIES	<u><u>89,616</u></u>	<u><u>-</u></u>	<u><u>89,616</u></u>
CAPITAL AND RESERVES			
Called up share capital	79	-	79
Capital contribution	14,221	-	14,221
Profit and loss account	75,118	-	75,118
Other reserves	198	-	198
EQUITY SHAREHOLDER'S FUNDS	<u><u>89,616</u></u>	<u><u>-</u></u>	<u><u>89,616</u></u>

Interactive Brokers (U.K.) Limited

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For the year ended 31 December 2018

24. Country by Country Reporting

The Company is required to comply with the provisions of Statutory Instrument 2013 No.3118 Capital Requirements (Country-by-Country Reporting, "CBCR") Regulations 2013, which implements in the United Kingdom the requirements set out in Article 89 of the Capital Requirements Directive (Directive 2013/36/EU).

In order to comply with this requirement, the Company is publishing the following information:

- The Company offers execution and clearing broking services in equity and derivative products to private and institutional clients. It also operates as a client carrying broker dealer, offering unallocated spot gold and silver, contracts for differences, safe custody stock, index futures and options to its carried clients and affiliates. The Company is incorporated in the United Kingdom and is based in London. The Company does not have branches, but has one subsidiary, Interactive Brokers (U.K.) Nominee Limited.
- Total turnover for 2018 was £37,416 thousands, all derived from the United Kingdom.
- During 2018, the average number of direct employees on a full-time equivalent basis was 52, all of whom are based in the United Kingdom. Technology infrastructure and certain support functions are provided by the Group affiliates.
- Profit before tax for 2018 was £20,225 thousands, all derived from the United Kingdom.
- Corporation tax paid was £3,441k in 2018.
- The Company did not receive public subsidies in 2018.